

Women-owned firms with gross receipts of \$1 million or more accounted for 53.1 percent of the total gross receipts but only 0.8 percent of the total number of firms. Thirty-nine percent of the firms had gross receipts of less than \$5 thousand.

of gross receipts. Women are particularly concentrated in social services, where they own 83.3 percent of all firms and account for 55.7 percent of gross receipts and educational services with 61.3 percent of all firms and 35.3 percent of gross receipts.

The percentage of all firms owned by women is directly related to the receipts size of the firm. For example, women owned 40.9 percent of the firms with receipts less than \$5,000, but only 13.5 percent of the firms with receipts of \$1 million or more. Women owned 34.3 percent of the firms with no paid employees but only 14.3 percent of the firms with 100 employees or more.

X WOMEN-OWNED FIRMS COMPARED TO ALL FIRMS

Women-owned firms accounted for 30 percent of all firms in the United States and 13.9 percent of gross receipts. The largest portion of firms owned by women was in services, with 38.2 percent of all firms and 14.7 percent

Table 1. Statistics for Women-Owned Firms by Major Industry Group: 1987 and 1982

(This table is based on the 1972 SIC system. For meaning of abbreviations and symbols, see introductory text. For explanation of terms, see appendix A)

SIC code	Major industry group	1987						1982					
		All firms		Firms with paid employees				All firms		Firms with paid employees			
		Firms (number)	Sales and receipts (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Employees (number)	Annual payroll (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Employees (number)	Annual payroll (\$1,000)
	All industries	4 114 787	279 138 117	618 188	224 008 218	3 102 885	40 884 633	2 612 621	98 291 818	311 863	65 247 448	1 264 888	11 186 388
	Agricultural services, forestry, and fishing	47 978	1 833 818	9 377	1 291 282	34 689	297 819	19 487	888 728	2 843	406 238	8 988	77 475
07	Agricultural services	40 808	1 731 303	8 851	1 203 111	23 558	281 178	15 902	842 030	2 487	365 289	7 890	67 187
08	Forestry	1 300	82 095	196	37 898	803	7 268	787	31 348	140	17 802	483	4 134
09	Fishing, hunting, and trapping	5 873	149 420	530	50 473	530	9 475	3 408	82 352	216	36 055	645	8 204
	Mining	26 430	1 833 822	1 942	1 428 180	11 982	271 848	19 832	2 220 848	1 336	1 323 480	11 832	208 977
10	Metal mining	200	14 801	33	10 776	183	2 889	252	17 838	39	12 487	242	3 137
11	Anthracite mining	27	5 658	5	1 170	28	338	131	28 222	20	14 876	814	8 465
12	Bituminous coal and lignite mining	186	213 890	117	204 732	2 104	44 844	107	148 852	89	148 218	1 458	28 547
13	Oil and gas extraction	25 449	1 326 828	1 519	850 902	8 300	145 280	18 778	1 918 888	1 021	1 055 714	8 222	181 844
14	Nonmetallic minerals, except fuels	568	372 845	268	380 600	3 388	78 994	564	106 545	156	84 787	1 398	21 884
	Construction	94 308	30 302 124	38 178	17 832 438	180 338	3 885 258	58 991	4 564 914	13 321	3 304 870	84 211	888 021
15	General building contractors	21 308	7 624 784	10 237	6 647 545	48 711	981 913	11 098	1 483 088	3 532	1 137 749	15 217	187 224
16	Heavy construction contractors	2 409	2 322 928	1 507	2 272 808	16 563	491 184	1 854	349 187	715	296 261	3 840	78 621
17	Special trade contractors	67 138	9 152 017	23 733	8 338 738	113 442	2 440 849	44 853	2 498 926	8 881	1 812 328	36 425	622 301
8562	Subdividers and developers	3 457	1 202 415	701	573 545	3 622	71 513	1 106	235 735	183	58 632	629	8 876
	Manufacturing	93 960	30 914 089	26 988	29 933 878	263 838	6 848 863	44 908	5 302 877	10 238	4 789 388	83 470	1 128 137
20	Food and kindred products	4 282	4 218 129	1 445	4 164 495	31 890	586 535	986	747 728	585	718 788	8 990	101 844
21	Tobacco manufactures	4	(D)	4	(D)	(D)	(D)	2	(D)	2	(D)	(D)	(D)
22	Textile mill products	2 431	1 234 928	578	1 214 043	17 488	295 874	664	87 224	180	90 117	1 836	24 060
23	Apparel and other textile products	17 927	2 640 687	4 118	2 502 282	54 525	848 902	4 716	525 759	1 847	981 888	21 625	188 253
24	Lumber and wood products	6 999	2 434 688	2 185	2 348 844	28 729	464 500	2 653	399 994	809	395 145	6 285	77 806
25	Furniture and fixtures	2 786	855 885	818	927 121	14 863	251 407	858	83 047	290	82 010	2 120	22 071
26	Paper and allied products	784	1 014 499	238	1 008 121	10 263	215 368	88	85 093	78	84 205	1 224	19 062
27	Printing and publishing	19 701	3 999 097	6 889	3 770 744	53 371	1 064 687	12 952	848 738	2 840	687 146	14 825	177 084
28	Chemicals and allied products	670	1 240 286	359	1 226 445	8 121	208 820	243	186 720	130	182 090	1 047	18 933
29	Petroleum and coal products	95	(D)	43	(D)	(D)	(D)	31	(D)	21	(D)	(D)	(D)
30	Rubber and miscellaneous plastics products	1 551	1 486 619	588	1 451 510	18 297	367 774	236	151 132	183	148 377	2 560	37 072
31	Leather and leather products	1 197	238 735	211	228 164	2 485	46 628	215	27 749	77	24 152	873	7 101
32	Stone, clay, and glass products	8 702	1 146 553	1 325	1 078 888	10 319	230 672	7 703	230 570	580	170 017	2 815	36 089
33	Primary metal industries	461	745 045	255	739 154	7 093	157 501	274	87 342	116	83 121	1 303	18 681
34	Fabricated metal products	4 314	2 785 335	1 806	2 687 883	30 871	578 240	1 047	463 458	585	438 718	7 348	113 396
35	Machinery, except electrical	3 949	2 313 900	2 222	2 281 974	27 940	704 458	1 254	472 845	841	461 887	7 843	141 035
36	Electric and electronic equipment	3 203	1 214 163	703	1 179 794	16 931	324 621	849	134 956	218	125 258	2 217	28 772
37	Transportation equipment	692	984 095	445	975 644	10 824	213 782	262	138 150	184	134 350	1 886	30 555
38	Instruments and related products	815	439 182	388	427 888	5 360	128 826	152	61 100	108	49 648	790	13 626
39	Miscellaneous manufacturing industries	13 447	1 563 324	2 410	1 408 698	15 988	304 233	9 822	521 836	1 215	381 341	7 124	77 706
	Transportation and public utilities	79 768	10 936 278	19 063	9 488 317	106 388	1 798 272	38 844	3 228 823	8 431	2 500 811	38 888	484 212
41	Local and interurban passenger transit	8 370	471 167	1 823	359 110	12 808	124 829	8 393	155 774	622	114 978	5 168	37 912
42	Trucking and warehousing	27 419	4 654 268	8 613	3 915 820	48 885	953 483	16 187	1 341 977	3 676	829 132	16 998	218 015
44	Water transportation	1 538	(D)	559	360 900	4 005	72 063	789	(D)	254	(D)	(D)	(D)
45	Transportation by air	1 554	246 801	257	211 143	2 587	54 876	782	86 861	150	74 219	1 075	15 882
46	Pipe lines, except natural gas	2	(D)	-	-	-	-	4	(D)	2	(D)	(D)	(D)
47	Transportation services	30 405	3 988 200	8 459	3 558 347	24 908	357 823	13 738	1 281 649	2 913	1 103 123	10 186	118 286
48	Communication	7 899	886 330	1 098	786 386	10 917	191 706	1 892	144 097	304	122 083	8 782	42 487
49	Electric, gas, and sanitary services	2 581	338 711	474	306 611	2 178	43 882	2 899	98 665	430	68 038	1 354	14 062
	Wholesale trade	82 513	42 804 588	22 891	40 324 930	187 833	4 068 924	32 059	9 198 524	8 784	8 241 442	48 873	688 240
50	Wholesale trade—durable goods	42 989	18 796 735	12 627	17 546 868	93 579	2 136 534	11 489	3 892 952	4 580	2 547 137	24 893	372 093
51	Wholesale trade—nondurable goods	39 514	24 007 823	10 164	22 778 262	94 254	1 932 390	20 569	5 295 572	4 194	4 694 306	24 890	316 147
	Retail trade	798 692	85 417 625	199 302	74 424 287	1 090 887	9 784 481	631 308	35 861 430	119 453	26 788 886	641 483	3 288 813
52	Building materials and garden supplies	11 297	4 096 334	5 559	3 888 559	33 338	515 002	9 537	1 188 464	3 284	808 616	12 379	123 975
53	General merchandise stores	10 164	1 197 786	2 958	1 002 475	13 801	124 636	6 282	1 181 819	1 744	1 036 555	8 210	95 790
54	Food stores	48 489	14 427 757	22 614	12 976 255	140 547	1 232 332	36 774	6 046 897	13 647	4 690 919	62 953	410 139
55	Automotive dealers and service stations	20 942	20 223 543	10 899	19 359 731	86 844	1 615 375	14 000	4 753 573	8 206	4 045 448	27 936	280 768
56	Apparel and accessory stores	40 582	5 215 895	19 682	4 545 279	71 830	588 737	27 665	2 445 880	11 499	1 832 983	39 067	232 489
57	Furniture and home furnishings stores	30 037	4 899 740	11 159	4 342 327	43 232	588 286	18 105	1 465 284	4 875	1 158 381	16 137	144 168
58	Eating and drinking places	90 848	14 167 029	59 898	13 180 317	507 454	3 214 048	66 182	6 684 283	38 028	6 785 521	254 054	1 230 717
59	Miscellaneous retail	545 353	21 189 481	68 567	15 149 444	193 551	1 875 065	454 784	12 097 540	40 171	7 141 443	120 727	800 786
	Finance, insurance, and real estate	437 380	17 833 402	96 741	9 328 301	108 312	1 860 670	248 403	8 388 932	18 483	2 630 331	48 126	582 532
60	Banking	270	152 921	280	152 447	2 086	41 292	2 078	203 654	245	174 186	2 957	40 625
61	Credit agencies other than banks	747	333 981	539	312 017	4 650	98 461	346	95 713	178	80 780	1 257	17 965
62	Security, commodity brokers and services	7 523	592 911	956	412 490	3 396	101 304	1 396	357 000	224	132 016	1 281	29 355
63	Insurance carriers	504	116 867	274	96 189	1 466	35 650	181	16 340	83	13 298	257	2 973
64	Insurance agents, brokers, and service	53 207	2 305 728	8 948	1 558 518	20 741	398 574	29 184	881 532	3 966	480 839	8 291	101 182
65 pt	Real estate ¹	335 429	12 841 097	24 008	6 907 283	69 249	1 010 368	211 985	4 732 788	11 459	1 906 995	34 279	330 720
66	Combined real estate, insurance, etc.	38 833	889 422	1 612	160 214	1 597	30 076	835	28 155	186	20 856	481	4 797
67 pt	Holding and other investment offices ²	847	791 495	144	734 183	6 157	148 848	800	54 570	102	30 363	313	4 735
	Services	2 248 028	81 123 430	253 278	28 670 289	1 015 971	11 634 739	1 294 837	26 277 751	122 002	14 146 174	490 744	3 884 288
70	Hotels and other lodging places	22 211	3 201 429	6 442	2 832 314	78 476	714 838	17 487	1 670 740	5 713	1 351 828	45 012	312 714
72	Personal services	561 695	10 289 420	73 873	5 573 008	20 481	1 755 585	394 566	5 500 114	44 008	2 799 414	138 034	888 669
73	Business services	880 494	18 935 829	62 015	11 860 485	302 463	3 787 228	1	18 970	2	707 278	91 910	777 661
75	Auto repair, services, and garages	23 481	2 643 528	9 398	2 346 052	38 524	682 788	10 991	829 462	4 050	762 640	15 511	174 808
76	Miscellaneous repair services	24 027	1 167 251	5 729	825 047	15 436	240 958	13 273	430 219	2 221	278 782	6 213	68 104

See footnotes at end of table.

Table 1. Statistics for Women-Owned Firms by Major Industry Group: 1987 and 1982—Con.

This table is based on the 1972 SIC system. For meaning of abbreviations and symbols, see introductory text. For explanation of terms, see appendix A)

SIC code	Major industry group	1987						1982					
		All firms		Firms with paid employees				All firms		Firms with paid employees			
		Firms (number)	Sales and receipts (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Em- ployees (number)	Annual payroll (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Em- ployees (number)	Annual payroll (\$1,000)
	Services—Con.												
78	Motion pictures	7 853	722 178	1 307	676 791	7 773	125 965	2 327	215 285	919	168 691	4 360	30 932
79	Amusement and recreation services	99 504	3 089 788	9 541	2 054 342	41 791	517 819	44 851	1 132 098	3 579	898 551	21 200	181 216
80	Health services	235 318	8 616 420	27 819	6 291 682	181 138	1 816 586	123 111	3 868 398	18 889	2 280 638	78 535	823 788
81	Legal services	41 825	2 219 741	9 519	1 574 881	19 559	386 495	23 333	853 381	4 808	845 813	9 178	118 520
82	Educational services	104 187	1 166 804	4 634	573 184	16 885	182 705	82 813	659 403	3 647	217 493	12 023	66 239
83	Social services	289 187	3 047 448	21 209	1 393 680	70 535	588 101	2 330	229 034	2 180	225 241	14 801	83 714
84	Museums, botanical, zoological gardens	13	2 888	13	2 888	49	484	6	531	6	531	6	137
89	Miscellaneous services	189 023	4 008 917	10 778	2 878 117	62 283	697 807	\$	\$	20 534	2 022 298	56 838	440 938
	Industries not classified	184 768	4 840 071	12 618	1 286 237	11 627	282 560	235 640	4 689 468	8 651	1 060 085	14 572	180 978

¹Excludes 8552 which is included in construction industries.

²Excludes 673 (Trusts) and 678 (Miscellaneous investing).

Table 2. Statistics for Women-Owned Firms by State: 1987 and 1982

(For meaning of abbreviations and symbols, see introductory text. For explanation of terms, see appendix A)

Geographic area	1987						1982					
	All firms		Firms with paid employees				All firms		Firms with paid employees			
	Firms (number)	Sales and receipts (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Em- ployees (number)	Annual payroll (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Em- ployees (number)	Annual payroll (\$1,000)
United States	4 114 787	278 138 117	618 189	224 006 218	3 102 885	40 884 833	2 812 821	96 291 613	311 682	85 347 448	1 364 538	11 186 389
Alabama	48 018	3 824 355	8 184	3 037 188	43 141	525 917	30 856	1 287 621	4 821	841 508	17 737	180 878
Alaska	13 976	829 324	1 929	617 879	7 216	125 235	8 489	378 943	780	228 348	3 552	46 810
Arizona	80 587	2 810 886	8 947	2 182 859	37 881	459 262	35 085	1 027 306	3 779	823 534	18 385	109 624
Arkansas	35 469	2 007 852	8 415	1 607 384	25 282	261 300	24 463	1 059 343	3 689	785 659	14 315	108 059
California	559 821	31 026 855	73 164	21 897 497	311 273	4 130 887	354 682	12 022 898	35 851	7 008 232	185 368	1 248 483
Colorado	89 411	4 280 547	12 750	3 277 813	63 788	658 862	57 370	1 829 435	6 113	1 180 676	27 287	223 772
Connecticut	60 824	5 319 710	9 297	4 237 344	61 485	825 588	36 480	1 401 205	4 408	907 812	20 107	172 384
Delaware	9 727	753 238	1 782	602 687	8 817	113 500	5 702	195 838	821	133 897	3 177	22 785
District of Columbia	10 987	774 019	1 230	564 863	8 343	166 781	8 693	333 841	780	201 084	4 298	43 418
Florida	221 361	16 828 094	39 496	13 582 428	195 448	2 430 236	125 392	4 786 745	16 765	3 189 404	73 234	578 648
Georgia	88 050	5 673 582	14 459	4 654 107	67 749	839 127	63 254	1 847 888	8 821	1 186 443	24 712	183 207
Hawaii	21 698	856 830	2 404	548 087	9 548	105 425	14 415	356 488	1 248	205 681	6 838	36 388
Idaho	16 873	613 043	3 078	838 282	10 448	105 770	13 423	427 487	1 857	294 872	9 303	43 310
Illinois	177 057	13 884 278	25 484	11 807 739	149 164	2 137 522	110 278	4 586 894	13 380	3 240 826	62 508	552 238
Indiana	89 849	8 913 422	16 571	8 006 788	115 173	1 397 803	62 015	3 191 678	9 210	2 608 767	52 084	454 148
Iowa	53 592	2 924 611	8 600	2 488 473	41 037	443 039	36 097	1 136 894	4 784	785 432	17 891	119 386
Kansas	83 505	2 880 805	7 182	2 154 808	31 015	352 572	86 770	1 234 850	4 091	800 082	18 428	125 080
Kentucky	53 464	3 265 188	8 595	2 848 483	40 767	434 037	36 658	1 582 834	4 889	1 115 779	19 288	150 644
Louisiana	65 852	2 981 708	8 388	2 288 000	38 308	410 380	38 315	2 200 975	6 227	1 621 630	28 435	271 148
Maine	23 922	1 834 638	4 003	1 358 098	20 711	287 850	14 473	420 481	1 883	287 186	5 808	41 882
Maryland	81 891	5 508 587	10 288	4 418 226	61 829	849 799	48 371	1 529 802	4 797	1 015 253	21 381	178 724
Massachusetts	111 378	11 139 810	13 885	9 455 887	107 865	1 998 101	83 182	1 777 802	5 459	1 020 883	28 304	217 889
Michigan	133 958	7 889 112	16 565	6 375 374	82 833	1 187 841	87 133	2 789 882	10 807	1 873 857	42 788	330 251
Minnesota	88 137	4 891 483	12 399	4 072 885	85 034	783 012	58 234	1 780 887	6 087	1 208 004	28 786	222 506
Mississippi	28 978	2 082 007	8 109	1 885 149	24 279	257 883	20 411	864 838	3 697	845 737	12 407	97 201
Missouri	87 658	5 346 136	13 488	4 452 889	84 403	770 351	64 080	1 889 406	6 800	1 282 900	30 110	221 843
Montana	17 747	930 377	3 255	754 385	12 538	117 895	12 782	489 100	1 825	385 201	7 320	82 498
Nebraska	32 285	1 649 048	8 048	1 361 038	21 442	234 914	22 745	718 883	2 888	608 885	11 864	78 127
Nevada	18 831	1 413 658	2 689	1 147 722	17 546	228 488	11 676	450 174	1 821	811 324	7 144	66 805
New Hampshire	22 713	1 857 789	3 855	1 644 697	20 038	292 184	11 812	381 715	1 363	248 742	6 371	40 640
New Jersey	117 373	13 553 517	19 389	11 470 775	124 665	2 129 398	83 243	3 573 040	8 997	2 691 238	40 881	390 258
New Mexico	25 397	1 156 312	4 182	907 012	15 592	159 938	16 287	675 980	2 883	377 788	8 853	83 845
New York	284 812	28 869 822	43 729	25 172 731	268 070	4 610 254	178 485	8 352 484	21 890	5 697 244	104 774	1 089 586
North Carolina	93 532	8 813 158	15 188	5 696 499	65 825	1 057 189	67 374	1 869 808	7 481	1 227 741	27 407	203 805
North Dakota	12 689	871 701	2 268	475 712	8 526	82 007	8 770	340 081	1 309	262 384	4 805	35 648
Ohio	154 084	8 872 189	22 007	7 220 878	118 798	1 370 880	102 519	3 815 026	12 180	2 547 380	82 440	401 126
Oklahoma	63 620	2 847 868	8 809	2 205 514	35 516	397 101	49 183	2 123 012	8 080	1 256 644	22 897	184 357
Oregon	58 941	4 279 167	9 528	3 657 505	46 222	572 858	40 479	1 357 284	5 111	943 009	21 656	185 180
Pennsylvania	167 362	13 339 231	25 631	11 067 283	147 108	1 860 437	108 156	4 186 426	13 653	2 810 334	61 676	488 412
Rhode Island	14 517	1 040 182	2 488	1 123 399	15 867	227 064	8 032	270 337	1 031	164 860	4 082	32 134
South Carolina	42 604	2 849 655	7 524	2 363 828	37 894	465 081	27 055	883 220	3 780	844 700	12 208	92 116
South Dakota	13 374	728 047	2 233	618 361	9 800	98 082	6 967	368 044	1 246	271 684	4 588	34 728
Tennessee	67 448	4 226 289	11 188	3 370 590	51 353	614 443	44 643	1 707 481	6 254	1 138 280	22 641	171 363
Texas	298 138	13 384 858	40 421	9 718 787	143 851	1 763 084	189 756	8 074 340	21 026	4 833 268	90 878	828 748
Utah	29 810	1 392 426	3 885	1 063 769	18 478	212 627	19 072	864 507	1 884	483 358	6 138	74 888
Vermont	13 802	786 082	2 506	618 480	10 277	112 848	8 044	286 786	1 083	188 352	3 687	25 177
Virginia	94 418	5 951 818	13 755	4 783 510	72 888	927 866	58 882	1 763 387	6 336	1 205 072	28 527	229 212
Washington	90 285	4 689 048	13 218	3 733 756	56 993	709 899	59 298	1 598 681	6 409	1 023 860	24 315	188 804
West Virginia	22 649	1 114 228	3 888	880 779	14 587	148 059	15 730	615 651	2 297	441 376	8 895	69 185
Wisconsin	89 185	4 887 050	12 192	3 998 151	82 419	718 192	44 413	1 582 095	6 798	1 108 418	30 850	203 827
Wyoming	10 798	523 808	1 893	422 874	7 101	70 882	8 393	312 486	1 227	210 873	4 735	38 804



National Women's Business Council

1992 Annual Report to The President and Congress

EXECUTIVE SUMMARY

This summary includes the complete text of the 1992 recommendations to the President and Congress which have resulted from the Council's investigations. The implementation of these recommendations is a top priority of the National Women's Business Council, its supporters, and its constituency of women business owners.

The remainder of the report has been summarized. The complete annual report, as well as copies of all hearing transcripts and survey data, is available at the Washington office of the Council. For information on how these may be obtained, contact:

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C

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W

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CAPITAL—THE KEY TO GROWTH

Three years of Council investigations into the status of women-owned businesses left no doubt that the foremost barrier women perceived was that of access to capital. At every level—from the small, home-based business operating on creativity and sheer nerve to the expanding corporation preparing to go public—lack of access to adequate funding was the constant concern and the overwhelming reason cited for failures.

The seriousness of this concern led the Council to focus this year on the problem of access to capital, and the search for remedies to the problem. The results of our investigations led us to change the colors of our logo to the colors of U.S. currency: It is that important.

THE PROBLEM THAT EXISTS AT EVERY LEVEL

Three levels of women-owned businesses come under Council scrutiny:

- **The start-up business or small home-based or service business that is still struggling to establish a foothold in the marketplace.**
- **The "mezzanine" business, established and running well, but needing capital for growth. Recent studies have shown that the number of woman-owned businesses in this phase is increasing at a far greater rate than businesses in general.**
- **The established larger businesses, many of which are capital-intensive, seeking major expansion funding. The number of women-owned firms in capital-intensive sectors grew dramatically in the 1980's, and should continue to expand rapidly if sources of capital increase.**

The list of concerns and barriers at all three levels is strikingly similar. We therefore request that the Congress and the new administration give this common problem—access to capital—their immediate and most serious attention.

1992 RECOMMENDATIONS

As a result of our investigations over a three year period, an analysis of the information that has been gathered, and our search for viable methods of removing the greatest barriers to women business owners, the National Women's Business Council requests that the President and Congress act immediately upon the recommendations that follow. The Council has focused on specific areas which we have concluded will be most beneficial to the largest number of women business owners at all three levels: start-up, mezzanine and investment-level.

DEFINITION

It is ironic that one of the barriers to development of programs facilitating access to capital for women business owners and the inclusion of women-owned businesses in currently recognized special categories is the lack of agreement on what constitutes "woman-owned." There is currently no agreed-upon definition in general usage across all government agencies, even at the federal level. The collection of accurate data concerning women-owned businesses has been virtually impossible.

The Council, in response to expressions of concern from public as well as private sources, has studied the varying definitions of women-owned businesses, and has concluded that the definition outlined in Recommendation #1 best meets the needs of both government agencies and the businesses affected.

BANKING

The recommended legislation dealing with banking practices outlined in Recommendation #2 is presented as a response to the recommendations of the experts involved in the Access to Capital Symposium as well as the testimony gathered at NWBC hearings. It will affect all women-owned businesses, but is particularly focused on the mezzanine level businesses seeking capital.

INVESTMENT

The larger woman-owned firm is often seeking the level of capitalization generally not available through a standard bank loan, and may not currently have access to the type of venture capital required. Recommendation #3 deals with this problem, and is a direct result of testimony at hearings and expert recommendations from the Symposium.

PROCUREMENT

Today, the U.S. Small Business Administration estimates that over one-third of all U.S. businesses are woman-owned. Despite this, **only 1.5% of all federal procurement dollars are awarded to woman-owned businesses.** The elimination of this dramatic inequity is addressed in Recommendation #4.

RECOMMENDATION #1

A Standard Definition of "Woman-Owned" Business

There is currently no standard definition of "woman-owned" business for federal government usage. The NWBC recommends the following wording for all federal government purposes. (Please note that the SBA is currently promulgating regulations along these lines.)

DEFINITION

A woman-owned business is a business concern with at least 51 percent unconditional ownership and control by a woman or women. Such unconditional ownership must be reflected in the concern's ownership agreement; and the woman, or women, must manage and operate the business on a daily basis.

JOINT VENTURE AGREEMENTS

A woman-owned business must control the performance of the contract awarded to the joint venture for the venture to qualify as a woman-owned business.

SUBCONTRACTING

A business concern shall not be qualified as a woman-owned business unless it meets the criteria mentioned above and it controls a significant portion of its contract with its own facilities and personnel.

CONTROL AND MANAGEMENT

An applicant concern's management and daily business operations must be controlled by a woman or women. An applicant concern must be managed on a full-time basis by one or more women. The U.S. Small Business Administration will consider, on a case-by-case basis, the actual management involvement of women in the applicant concern. A woman must hold the highest ranking in the organization.

The woman or women shall control the Board of Directors of the applicant concern, either in actual numbers of voting directors or through weighted voting. Men may be involved in the management of an applicant concern, and may be stockholders, partners, officers, and/or directors of such concern. However, these men may not exercise actual control or have the power to control the applicant concern.

FRANCHISE AND LICENSE AGREEMENTS

In determining whether the franchisor controls, or has the power to control, the restraints relating to standardized quality, advertising, accounting format and other provisions, imposed on a franchisee by its franchise agreement shall generally not be considered, provided that the franchisee has the right to profit from its efforts and bears the risk of loss commensurate with ownership. Even though a franchisee may not be controlled by the franchisor by virtue of such provisions in the franchise agreement, control could arise through other means, such as common ownership, common management or excessive restrictions upon the sale of the franchise interest.

RATIONALE

The late Gillian Rudd, in introducing the National Foundation for Women Business Owners/Cognetics study of women owned businesses, stated

"The 1992 Presidential initiative to improve this country's economic statistics omits any mention of one of the fastest growing segments of the economy, women business owners. Federal economic statistics are numbers that move the economy nationally and internationally. It is vital to policy makers, the business community and researchers that these statistics be of the highest quality and provide a true reflection of today's economy. To ignore women-owned businesses is to neglect one of the decade's major social and economic changes."

Current data from a variety of sources indicates that an astounding growth is taking place in women-owned businesses—that they are a far larger factor in our economy than is generally realized, anywhere from thirty to forty per cent of all businesses in this country. **Yet there cannot be an accurate count without a generally accepted definition of what constitutes a woman-owned business.**

At both the Denver hearing on telecommunications and the Arlington, Texas hearing on high technology, women business owners talked of their frustration in identifying and qualifying for government set-asides and incentives to small and disadvantaged businesses. Even federal agencies are not consistent in their definitions, and each state develops its own guidelines. **The federal government can and must set a standard for both data collection and procurement purposes.**

The Missouri Pilot Study which the Council commissioned was designed to assess the possibility of complete and accurate data collection regarding women-owned businesses. This study did indeed provide a useful model for such studies which can produce accurate data on a national level, data eagerly sought by both government and private entities. In order to complete this study, a specific definition of "woman-owned" had to be devised. That definition is reflected in this recommendation, and in the regulations currently being promulgated by the U.S. Small Business Administration.

RECOMMENDATION #2

Stimulating Bank Lending

In recognition of the critical role played by small businesses in the economic structure, and the increasing importance of women-owned small businesses in that structure, we urge the President and Congress to act to stimulate bank lending as follows:

- A. The National Women's Business Council recommends that the banking regulators revise the FIRREA regulations to provide preferential risk weighting for those portfolio loans provided to women-owned (as defined in Recommendation #1) or minority businesses whose borrowings are greater than the Small Business Administration's qualified loan limits and less than the sum of \$5 million.**
- B. The National Women's Business Council recommends that Congress enact the necessary legislation to facilitate the creation and operation of a secondary market for securitized "small" business loans with consideration for enhanced guarantees on loans to women and minority owned businesses.**

RATIONALE

The resounding unanimity of feedback with which the National Women's Business Council was met during the Federal Reserve-hosted Access to Capital Symposium in Washington, D.C. in September, 1992 confirmed that the greatest barrier to woman-owned small business growth and development is lack of access to capital. This barrier is most severe for those women business owners who have established and grown their enterprises to reasonable proportions. They find themselves beyond the size at which the U.S. Small Business Administration programs are appropriate and below the size at which venture capitalists become interested. Specifically, these are businesses whose needs for additional capital range from \$1 million to \$5 million.

Lending in these ranges is clearly the domain of the banking industry. It is the position of the National Women's Business Council that bank lending should reflect prudent practice, unencumbered by legal regulatory constraints whose definition or administration make unattractive the inclusion of viable small business loans in the bank's lending portfolio.

A November, 1992 study of small and mid-sized businesses sponsored by Arthur Andersen's Enterprise Group and National Small Business United reported that a total of 24 percent cited "cutting regulations" as the number one task for the new administration and Congress, and almost half of these named easing of bank regulations to improve access to credit as their top priority.

FIRREA AS A DETERRENT TO LENDING

A critical deterrent to bank lending for emerging businesses is represented in the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) legislation which defines the financial health of banking institutions in terms of risk rated capital ratios. Specifically, banks must allocate valuable capital to portions of their lending portfolios based upon the perceived risk these loans represent as defined by the regulatory community.

At the NWBC's Symposium on Access to Capital, bankers testified to the dampening effect of the FIRREA regulations on their ability to grant small business loans, particularly to women and minorities. Changes in these regulations were cited universally as a necessary step in making capital available to these groups.

The major recommendation to come out of this symposium involved allowing banks to price for risk so that they can make loans to women-owned businesses which often do not fit the standard profile for traditional funding sources. (A more complete review of the results of the Access to Capital Symposium is included in this annual report.)

One area banker's comment was telling:

" . . . and we don't need more regulation, for god's sake. We're regulated to death. And if we continue to get regulation, we're not going to have any latitude in making independent decisions on these loan requests."

His remarks were backed up by another panelist, who cited banking industry estimates that it spends more than \$10 billion annually on regulatory compliance—59 percent of the profits of the entire banking system in 1991!

SECURITIZATION AS AN INCENTIVE TO LENDING

One of the three key problems in obtaining capital for women-owned businesses cited by the experts at the Symposium was the lack of availability of loan sources in mid-range, between the very small loans and the level of venture capital. Because women business owners tend to be concentrated in small businesses with relatively low funding needs and in industries lacking traditional collateral (See report on the Missouri Pilot Study, Page 20) they tend to be unattractive to lenders.

Funding the development of these and other small businesses would be greatly facilitated through the provision of a secondary market, making capital available through a national reservoir. As banks attempt to meet the lending needs in their individual communities, they will be better able to provide long term commitments to developing businesses through the securitization of small business loans whose subsequent sale to institutional investors will free bank capital and make additional funds available for investment in local communities.

Allowing financial institutions to operate as conduits delivering available funding to small businesses, without having to portfolio these loans, will not only bring more capital to developing businesses but will mitigate the risk to the banking industry associated with non-diversified portfolios.

RECOMMENDATION #3

Securitization of Small Business Loans

The small business growth cycle includes a third and final stage in which the business has evolved to the point at which its requirements for capital are insufficient to attract the attention of venture capitalists, but beyond the level at which community banks can address these funding needs.

The National Women's Business Council recommends that in enacting the previously recommended legislation to facilitate the creation and operation of a secondary market for the securitization of small loans, the parameters established for defining these loans be sufficiently broad so as to include those businesses whose asset values may be as high as \$18 million and whose annual net income may be as high as \$6 million.

RATIONALE

Venture capital specialists who have participated in the Council's recent hearings and in the Symposium on Access to Capital have been blunt. Women-owned businesses, even those few seeking capital at the level which might interest venture capital sources, rarely fit the profile of the few ventures funded each year. For the larger woman-owned business, alternative financing options must be sought.

GENDER BASED DIFFICULTIES—NON-GENDER SPECIFIC NEEDS

Women in both high technology industries and telecommunications who actually had found funding in the \$6 to \$18 million range told of difficulties which seemed far beyond what should be expected for companies with records of successful and profitable operation. At this top level of small business as well as the start-up level, women do not fit traditional, comfortable profiles, and compete less successfully for scarce expansion dollars. Those who have succeeded demonstrate remarkable tenacity as well as top level professionalism.

At earlier stages in the business growth cycle women tend to seek and achieve lower levels of funding, and appear to succeed with less start-up and expansion money. (See the report on the Missouri Pilot Study, Page 20, and the results of the Special Focus Groups, Page 28.) At this stage, however, that is not possible. **Financing needs of the mid-sized business seeking capital are not gender-based—a woman-owned firm cannot get by with less.**

BROADER BENEFITS

Providing funding to these businesses, whether woman-owned or not, can be a complex process. A secondary market for loans granted to businesses in this category will provide the essential momentum for the businesses to grow to the point of recognition in the venture capital, regional banking and national banking arenas. This was also a recommendation of both the 1980 and 1986 White House Conference on Small Business. The benefits of small business loan securitization will accrue to all small businesses, and thus to the economy as a whole.

RECOMMENDATION #4

Federal Procurement Standards

- A. The National Women's Business Council strongly urges that Congress mandate action by all federal agencies to set prime and sub contracting goals for women-owned businesses.**

B. The National Women's Business Council strongly urges Congress to expand the current Department of Defense section 1207 set-aside authority to the civilian agencies that have been required by law to increase their contracts to women-owned businesses.

RATIONALE

Today, the U.S. Small Business Administration estimates that over one-third of all U.S. businesses are woman-owned. Despite this, only 1.5% of all federal procurement dollars are awarded to woman-owned businesses. This dramatic inequity is perpetuated by the lack of legislative mandates that specifically target women-owned businesses for assistance in entering the federal procurement system. The U.S. Small Business Administration has taken the lead in interpreting the Congressional data collection requirements as a basis for requesting goals from all federal agencies for prime and sub contracts awarded to women-owned businesses.

The Department of Transportation was until recently the only federal agency which designated women as disadvantaged business owners on a par with minorities for purposes of their state grant programs. In addition, Congress recently passed laws with language specifically including women-owned businesses in the targets they set for small and disadvantaged business participation. Specifically, the Department of Energy, NASA and EPA have all received these directions, but without the tools to target women-owned businesses. In other words, the language did not clearly include set-aside authority for women-owned businesses; the set-aside authority these agencies have to meet these new goals is primarily under the 8(a) program—where women are not a designated group.

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1992 - A YEAR OF ACHIEVEMENT

This year's recommendations to the President and Congress were based on a full program of hearings and data collection, as summarized in the following brief report.

THE SYMPOSIUM ON ACCESS TO CAPITAL— SEPTEMBER, 1992

The investigations of the NWBC over the past four years have indicated that the most pervasive barrier to success for women business owners is lack of access to capital; the Council decided to take a hard look at the realities of the capitalization picture for women-owned businesses today and in the future and at the same time stimulate creative thinking by the experts on solutions to the problem.

The Access to Capital Symposium brought together experts in banking, venture capital, microloan programs, and government and private programs with Council members, SBA representatives and selected women business owners in a discussion designed to develop proposals for ensuring access to capital for women business owners.

RESULTS

Symposium participants identified three specific solutions to the problem of access to capital which they proposed for government and private sector action:

1. Changes in banking practices including more unsecured credit, allowing banks to price for risk so they can make some of these loans, better use of contract financing and accounts receivable funding.
2. Increase the number and types of lending pools/funds, including public/private partnerships and joint ventures.
3. Allow banks special categories for small business loans (or high risk small businesses).

In addition, it was proposed that the Federal Reserve hold regional symposia on access to capital in each of their regions. The Board of Governors of the Federal Reserve have agreed to host such programs, and they are expected to commence in the third quarter of 1993.

THE MISSOURI PILOT STUDY

The NWBC mandate includes the review of data collection procedures and the availability of data on women owned businesses. The lack of accurate and complete data of this type led the Council to select as one of its major projects the completion of a research pilot which would provide guidance to public and private sector organizations in selecting a methodology for collecting demographic and attitudinal information on United States women business owners.

The state of Missouri was selected by the NWBC and the SBA's Office of Economic Research for use in this pilot test. The premise of the proposal was that creation of a reliable sample in a typical state could then be used as a model for a national sample of women-owned businesses.

END PRODUCT/CONCLUSIONS

Two reports were produced from this investigation; a methodology report and a set of tabulations that describe the demographic characteristics and financial history of the study participants. The final product of the methodology portion is a manual which gives a complete picture of how the experiment was done, along with the implications for a national study. This manual could be handed to a statistician as established guidelines for creating an accurate sample and estimating the cost of creating such a sample.

FINDINGS

The findings of the study are cited in detail in the Annual Report, and in depth in the Pilot Study Report, available in the NWBC office.

The results of the State of Missouri pilot project lead the Council to place a high priority on the following future activities:

1. That the National Women's Business Council work with the appropriate public and private sector organizations to implement ongoing national survey research on women business owners at regular intervals.
2. That the methodology handbook created by the National Women's Business Council pilot study be given wide distribution in the public and private sectors to assist in the creation of a reliable sample for national survey research.
3. That focus group, executive interviews and experimental research be considered to further explore certain findings of both the National Women's Business Council pilot and focus group projects, e.g., length of time in business, gender differences, access to capital and related funding issues.

SPECIAL FOCUS GROUP STUDIES

When the Council accepted the challenge of developing a model for accurately surveying women-owned businesses, they recognized that no matter how complete a pilot study they commissioned, there would be areas which could not be tested through ordinary survey research. Examination can be done, however, through the use of focus groups which, although they do not produce scientifically provable data, offer good insights into the range of responses accessible through research, and can be invaluable both in analyzing data from broader studies and in planning future narrower-based studies.

Women business owners are no more a homogenous group than men business owners, but in addition to specific industry, the Council finds there is one clear method of logically categorizing them--into start-ups (less than five years old), mezzanine or mid-range businesses looking for growth capital and opportunities, and successful, well-financed enterprises.

Businesses in the first category, start-ups, are rarely measured by the usual survey methods--partly because they are harder to find. Some research is available on start-ups in general, but there is no gender-specific data available, making this an ideal topic for focus group exploration.

The four focus groups were held in St. Louis and Springfield, Missouri in September, 1992. Participants were women from a broad range of home-based, retail, wholesale, service and agricultural businesses. Most had been in business from one to three years.

RESULTS

If the Missouri focus groups present an accurate picture, the average woman at this stage in her business thinks of herself as a risk-taker, regrets not having done more market research, likes the freedom and sense of self-respect she has achieved, didn't go into this to get rich, is concerned about financing growth and thinks the SBA has very little to offer. She sees traditional male operating styles as the barrier to progress in the workplace, and attracting, recruiting and keeping reliable employees as the biggest problem in running her business.

Previous studies of women-owned businesses appear to show women starting with much lower levels of funding and expanding more slowly. Obviously lack of access to capital is the primary reason for this, but in this focus group as well as in other investigations there appears to be a difference not in attitude toward business or ambition, but in terms of expectations. Women entrepreneurs appear to set lower goals, and have lower income expectations and lower estimations of funding needed for start-up or expansion. Further study should be done to assess this pattern.

DIRECTORY OF STATE PROGRAMS TO ASSIST WOMEN BUSINESS OWNERS

Although the Office of Women's Business Ownership at SBA and the National Association of Women's Business Advocates (NAWBA) had gathered some information, there had never been a complete directory of state programs, set-asides and services for women business owners. The Council completed the research for such a directory, the first edition of which was published in 1992 with the cooperation of NAWBA and Entrepreneur Magazine.

To obtain copies of or information concerning the directory, contact:

Melody Borchers, President
National Association of Women's Business Advocates
c/o Ohio Department of Development
777 South High Street
Columbus, Ohio 43266-0101

WOMEN ENTREPRENEURS IN TELECOMMUNICATIONS— DENVER, MARCH, 1992

The Council met in Denver on March 16, 1992 to explore opportunities for women in the telecommunications industry. They heard testimony from business owners, financial experts, government officials, academics and others involved in the telecommunications industry. The following is a brief summary of the testimony.

Telecommunications offers women the opportunity to participate as equals in an integrated industry. Unlike traditional male-dominated sectors of the economy, this rapidly expanding industry offers abundant opportunity for anyone with the ideas, products and skills to build a business. Many women are bypassing the management "glass ceiling" by moving directly into ownership in one of the many telecommunications fields.

IMPEDIMENTS TO WOMEN IN TELECOMMUNICATIONS

While increasing numbers of women continue to enter the telecommunications industry, there is still a marked lack of women with the technical and managerial expertise--plus length of experience--to start a successful telecommunications business. Second, there appears to be no information networks currently established for women entrepreneurs which can provide advice and support from other women. Third, access to capital is extremely difficult. This is a capital-intensive industry, generally requiring a substantial start-up investment. Sources of capital are limited, partially due to the risk factors involved, and women business owners are less likely to know where to look for capital.

THE EXPERT ROUNDTABLE

The Denver hearing was followed by an expert roundtable discussion on prospects for women business owners in the telecommunications industry in which twenty-nine men and women participated.

In addition to the members of the National Women's Business Council, they represented government, academia, banking, venture capital firms, the media and a variety of large and small telecommunications firms. Several were women business owners.

Discussion centered on two topics: 1) defining tomorrow's telecommunications marketplace, and 2) pre-planning to allow women equal access to this marketplace.

The expert group's recommendations were as follows:

1. Promote the formation of entrepreneurial development funds with tax breaks similar to those of foundations, as well as grant programs and joint ventures in which large companies nurture small and emerging businesses.
2. Generate public policy initiatives encouraging corporate incubation of small businesses for the purposes of training, support and mentoring.
3. Develop networks and associations that bring together women involved in telecommunications for the purpose of exchanging ideas and information about their experiences in telecommunications. Through these networks a program of technical assistance partnerships can be developed.

A PLAN FOR THE FUTURE

1993 will be a year of change and a year of growth for women-owned businesses as the economy improves and sources of capital open up for women as well as business in general. Barriers to progress still exist, however, and many of the changes required to remove those barriers have not taken place.

1993 will be the final year of the Council's original five-year mandate. In addition to further development of the Council's studies and programs on the issue of access to capital, and a continuing focus on improved access for women to the government procurement process, the Council will look beyond our borders at opportunities for U.S. women business owners in the global economy.

The goals of the Council's mandate will not all be achieved by the end of 1993. The following activities may not all be completed within that time frame, but are priorities on the Council agenda.

- A hearing on opportunities for women in trade with Latin America and the Pacific Rim, to be held in March, 1993.
- Regional Symposia on Access to Capital under the sponsorship of the Federal Reserve.
- A Women's Economic Summit, tentatively scheduled for September, 1993.
- Efforts to ensure maintenance and expansion of the National Directory of State Programs for Women Business Owners.
- Development of a joint strategic plan with the members of the Interagency Committee on Women's Business Enterprise, which we hope will be reactivated under President Clinton.
- Follow-up on the further studies suggested by the results of the Missouri Pilot Study and focus groups.



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THE 1991 ANNUAL REPORT
TO THE PRESIDENT AND CONGRESS
of the
NATIONAL WOMEN'S BUSINESS COUNCIL

Little Rock, Arkansas: A Clear Message

On April 30, 1991, the National Women's Business Council held a hearing in Little Rock, Arkansas featuring testimony from women business owners, advocates and corporate representatives.

The same clear thread ran through every witness' testimony: that access to capital has been and continues to be the biggest problem women business owners must face. Whether it is due to actual discrimination against women, the hesitancy of banks to make small loans, or simply the lack of information on available resources and how to tap them, the result is the same. Women's businesses start with less funding, are frequently self-funded, and tend to remain underfinanced even after they have been proven viable.

Several programs designed to give women access to capital and a more equal share of business opportunities were reported. The state of Louisiana, for instance, has a state funded statutorily mandated office for women entrepreneurs, The Division of Minority and Women Business Enterprise, which educates women about the services available to them. Louisiana also offers a procurement participation program with a one per cent set-aside, and a loan program for women offering small business loans at below-market rates.

In Arkansas, Arkansas Power and Light offers leadership training and matching grants programs, and has agreed to help develop a database of woman-owned businesses in the state. For rural low-income women, the Good Faith Fund provides funds for women entrepreneurs who wish to start their own small businesses in order to raise themselves and their families out of poverty.

Suggestions to solve the problem of poor access to capital included:

1. Management training and technical assistance programs to